

1 UNITED STATES BANKRUPTCY COURT

2 SOUTHERN DISTRICT OF NEW YORK

3 Case No. 23-10063-shl

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5 In the Matter of:

6

7 GENESIS GLOBAL HOLDCO, LLC,

8

9 Debtor.

10 - - - - - x

11

12 United States Bankruptcy Court

13 300 Quarropas Street, Room 248

14 White Plains, NY 10601

15

16 February 22, 2023

17 11:11 AM

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21 B E F O R E :

22 HON SEAN H. LANE

23 U.S. BANKRUPTCY JUDGE

24

25 ECRO: UNKNOWN

1 HEARING re SECOND DAY HEARING

2

3 HEARING re Doc. #89 Notice Of Agenda

4

5 HEARING re Doc. #9 (Taxes And Fees) Motion To Pay Taxes

6 /Debtors' Motion For Entry Of Interim And Final Orders

7 Authorizing The Payment Of Certain Taxes And Fees

8

9 HEARING re Doc. #11 (Critical Vendor) Motion To Authorize /

10 Debtors' Motion For Entry Of Interim And Final Orders (I)

11 Authorizing, But Not Directing, The Debtors To Pay Certain

12 Prepetition Claims Of Critical Vendors And Foreign Vendors,

13 (II) Authorizing And Directing Financial Institutions To

14 Honor and Process Checks And Transfers Related To

15 Such Claims And (III) Granting Related Relief

16

17 HEARING re Doc. #16 (Employee Wages) Motion To Authorize /

18 Motion Of Genesis Asia Pacific PTE. LTD. For Entry of

19 Interim and Final Orders (I) Authorizing Genesis Asia

20 Pacific PTE. LTD. To (A) Pay Certain Employee Wages and

21 Other Compensation and Related Obligations and (B) Maintain

22 and Continue Employee Benefits and Programs in the Ordinary

23 Course, and (II) Authorizing and Directing Applicable Banks

24 to Honor All Transfers Related to Such Obligations

25

1 HEARING re Doc. #64 (Interim Compensation) Motion To  
2 Authorize Procedures For Interim Compensation And  
3 Reimbursement Of Expenses Of Professionals  
4

5 HEARING re Doc. #65 (Ordinary Course Professional)  
6 Application To Employ Professionals Used In The Ordinary  
7 Course Of Business Nunc Pro Tune To The Petition Date  
8

9 HEARING re Doc. #69 Application To Employ Cleary Gottlieb  
10 Steen & Hamilton LLP As Counsel For The Debtors And Debtors-  
11 In-Possession Nunc Pro Tune To The Petition Date  
12

13 HEARING re Doc. #72 Application To Employ Kroll  
14 Restructuring Administration LLC As Administrative Advisor  
15 Nunc Pro Tune To The Petition Date  
16

17 HEARING re Doc. #71 Application To Employ Morrison Cohen LLP  
18 As Special Counsel To The Debtors And Debtors-In-Possession  
19 Effective Nunc Pro Tune To The Petition Date  
20

21 HEARING re Doc. #73 Application To Employ Alvarez & Marsal  
22 North America, LLC As Financial Advisors To Debtors And  
23 Debtors In Possession  
24  
25

1 HEARING re Doc. #70 Application To Employ Kobre & Kim LLP As  
2 Special Litigation Counsel Filed By Danielle L. Rose On  
3 Behalf Of Genesis Global Holdco, LLC  
4

5 HEARING re Doc. #15 (Cash Management) Motion To Authorize /  
6 Debtors' Motion For Entry Of Interim And Final Order (I)  
7 Authorizing Debtors To Continue To Operate The Existing  
8 Cash Management System, Including Existing Bank Accounts,  
9 Honor Certain Prepetition Obligations Related Thereto, and  
10 Maintain Existing Business Forms; (II) Permitting Continued  
11 Intercompany Transactions and Granting Certain  
12 Administrative Claims; (III) Extending the Time to Comply  
13 with the Requirements of Section 345 of the Bankruptcy  
14 Code and (IV) Granting Related Relief  
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25 Transcribed by: Sonya Ledanski Hyde

1 A P P E A R A N C E S :

2

3 CLEARY GOTTlieb STEEN & HAMILTON LLP

4 Attorneys for the Debtor

5 One Liberty Plaza

6 New York, NY 10006

7

8 BY: JANE VANLARE

9 HOORI KIM

10 RICHARD MINOTT

11 MICHAEL WEINBERG

12 CHRISTIAN RIBEIRO

13 SEAN O'NEAL

14

15 WHITE & CASE LLP

16 Attorneys for Official Committee

17 1221 Avenue of the Americas

18 New York, NY 10020

19

20 BY: J. CHRISTOPHER SHORE

21 GREGORY F. PESCE

22 PHILIP ABELSON

23 COLIN WEST

24

25

1 PROSKAUER ROSE LLP

2 Attorneys for Ad Hoc Group of GGC Lenders

3 Eleven Times Square

4 New York, NY 10036

5

6 BY: BRIAN ROSEN

7

8 KIRKLAND & ELLIS LLP

9 Attorneys for the Ad Hoc Group

10 601 Lexington Avenue

11 New York, NY 10022

12

13 BY: ROSS FIELDER

14

15 WEIL, GOTSHAL & MANGES LLP

16 Attorneys for Digital Currency Group

17 767 Fifth Avenue

18 New York, NY 10153

19

20 BY: JEFFREY SAFERSTEIN

21

22

23

24

25

1 HUGHES HUBBARD & REED LLP

2 Attorneys for Gemini Trust Company, LLC

3 One Battery Park Plaza

4 New York, NY 10004

5

6 BY: JEFFREY MARGOLIN

7 ANSON FRELINGHUYSEN

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1 P R O C E E D I N G S

2 THE COURT: Good morning. This is Judge Sean Lane  
3 in the United States Bankruptcy Court for the Southern  
4 District of New York here this morning for an 11:00 hearing  
5 in Genesis Global Holdco LLC, a Chapter 11 case that is  
6 jointly administered. And we are here for a second day  
7 hearing and there has been an amended agenda filed on the  
8 docket for this second day hearing, I believe the right  
9 version. It's at Docket Number 93.

10 And so we'll start this hearing as we do always by  
11 getting appearances, folks who expect to participate  
12 actively in terms of actually speaking during the hearing.  
13 I realize that there are a lot of folks who are on various  
14 devices, both Zoom and the telephone, who don't expect to be  
15 heard in the sense of talk at the hearing, so we don't need  
16 appearances from them. But let's start with the Debtors.

17 MS. VANLARE: Good morning, Your Honor. Jane  
18 Vanlare, Cleary Gottlieb Steen & Hamilton, proposed counsel  
19 for the Debtors. And with me also in the virtual courtroom  
20 are my colleagues, Ms. Hoori Kim, Mr. Richard Minott, Mr.  
21 Michael Weinberg, and Mr. Christian Ribeiro.

22 THE COURT: All right. Good morning to you all.  
23 Anyone else from the Debtors? All right.

24 Next up, the Official Committee of Unsecured  
25 Creditors.



1 MR. SHORE: Good morning, Your Honor. Chris Shore  
2 from White & Case, proposed counsel to the Official  
3 Committee. I am here today with my partners, Greg Pesce,  
4 Phil Abelson, and Colin West.

5 THE COURT: All right. Good morning. And on  
6 behalf of the Ad Hoc Group of Creditors. I know there are  
7 two. So let me get those appearances.

8 MR. ROSEN: Good morning, Your Honor. Brian  
9 Rosen, Proskauer Rose LLP, on behalf of the Ad Hoc Group of  
10 GGC Lenders.

11 THE COURT: All right. Go ahead.

12 MR. FIELDER: Good morning, Your Honor, Ross  
13 Fielder of Kirkland & Ellis, on behalf of the Ad Hoc Group.

14 THE COURT: All right. Good morning. And on  
15 behalf of Genesis Global Holdco LLC? All right, maybe those  
16 folks don't expect to chime in this morning.

17 The same may be true or may not be true of Gemini  
18 Trust Company LLC.

19 MS. VANLARE: Your Honor, apologies. Just on  
20 that, Genesis Holdco is one of the (indiscernible).

21 THE COURT: Oh, all right. All right. Well, let  
22 me ask if the parent company, who is a non-debtor, wants to  
23 make an appearance or not.

24 MR. SAFERSTEIN: Good morning, Your Honor.  
25 Jeffrey Saferstein from Weil Gotshal & Manges on behalf of

1 Digital Currency Group.

2 THE COURT: Thank you very much. All right. And  
3 on behalf of the United States Trustee's Office.

4 MR. ZIPES: Good morning, Your Honor. Greg Zipes  
5 with the U.S. Trustee's Office.

6 THE COURT: All right. Thank you very much. And  
7 at this point I'll throw it open for any other appearances  
8 of any other party that expects that they might be heard  
9 this morning.

10 MR. MARGOLIN: Good morning, Your Honor. Going  
11 back to Gemini, Jeffrey Margolin, Hughes Hubbard & Reed on  
12 behalf of Gemini, along with my colleague, Anson  
13 Frelinghuysen.

14 THE COURT: All right. Good morning. Anyone  
15 else? All right.

16 Ms. Vanlare, thank you for your assist there in  
17 getting this squared away properly. And with that, I will  
18 turn the virtual podium over to Debtor's counsel to walk us  
19 through the status and the agenda.

20 MS. VANLARE: Thank you, Your Honor. Can you hear  
21 me okay?

22 THE COURT: I can hear you just fine.

23 MS. VANLARE: Perfect. Thank you so much.

24 So, Your Honor, I am pleased to report that we  
25 have an uncontested hearing before you this morning. We

1 have received comments from a number of parties, most  
2 notably of course the Committee of Unsecured Creditors and  
3 the U.S. Trustee's Office. We've been able to resolve all  
4 comments. We've also gotten comments from certain other  
5 parties in interest.

6 We did file the proposed revised orders yesterday  
7 afternoon, all but the cash management order. That one we  
8 filed separately late last night after reaching agreement on  
9 that order with the Committee of Unsecured Creditors.

10 So, Your Honor, I would propose we go through the  
11 agenda. Of course we're happy to answer any questions on  
12 any of the motions. We do have all the declarants available  
13 as well should anyone have questions.

14 And with that, I guess I will make one additional  
15 note, which is that we did adjourn certain motions that were  
16 originally scheduled for today, and the agenda indicates  
17 that in particular the consolidated creditor's list motion  
18 and the redaction motion or the sealing motion, both of  
19 those have been adjourned to March 30th. And we've been in  
20 discussions with that U.S. Trustee in connection with the  
21 redaction issues, which of course we've previewed with Your  
22 Honor as well during our first day hearing. We're  
23 continuing those discussions. We anticipate the Committee  
24 will likely have some views on those topics. And so what we  
25 are proposing -- and again, we've discussed this with the

1 Office of the U.S. Trustee -- is to adjourn those issues to  
2 that hearing.

3 And I'll note that this may mean that we will need  
4 to file additional or unredacted exhibits to some of the  
5 retention applications depending on the outcome of the  
6 redaction motions to be heard on March 30th. So I did want  
7 to make that clear.

8 And with that, Your Honor, I would propose that we  
9 go through the agenda in a slightly modified order, but we  
10 will go through all of the items.

11 So with that, I will pass the virtual podium to my  
12 colleague, Ms. Kim.

13 THE COURT: All right. And let me just for  
14 purposes of transparency on the record for those who may not  
15 have the most recent copy of the agenda, the consolidated  
16 creditor motion and the sealing motion are pushed off to  
17 March 30th. We also have a hearing scheduled for March  
18 15th. And I understand that there are some things that had  
19 been adjourned to that hearing date as well. So it's  
20 probably worth just stating that on the record for purposes  
21 of disseminating information if you would be so kind.

22 MS. VANLARE: Of course, Your Honor. Yes. And  
23 apologies. I was going to do that later, but perhaps now is  
24 probably to make sure that everyone is aware.

25 Yes, there is going to be another hearing on March

1 15th. We have modified the cash management order to be a  
2 second interim order that we're going to ask for Your  
3 Honor's approval today, and we've adjourned the hearing on  
4 the final order on the cash management motion to March 15th.  
5 We have also adjourned the (indiscernible) for Moelis &  
6 Company. That's following a request by the Committee of  
7 Unsecured Creditors. So that too right now has been  
8 adjourned to the March 15th hearing.

9 THE COURT: All right. Thank you very much. And  
10 just for purposes of being on the same page, I do have the  
11 binder of all the revised orders and the blacklines, thank  
12 you very much, that were all teed up except for the cash  
13 management, which is now as you say proposed to be a second  
14 interim. That was filed on the docket at Docket Number 94.  
15 And I have that as well. I haven't gotten a chance to take  
16 a look at that, at the blackline version to see all the  
17 changes. And my last note on that is you all sent along an  
18 update last evening about where you were and all that. And  
19 I very much appreciate the heads up on that. So thank you  
20 very much for the courtesy.

21 And with that, I'll turn the party back over to  
22 you.

23 MS. VANLARE: Thank you, Your Honor.

24 MR. MINOTT: Good morning, Your Honor. I'll  
25 actually start with the agenda. For the record, Richard

1 Minott of Cleary Gottlieb, proposed counsel to the Debtors.

2 Your Honor, I'll start with the Debtor's motion  
3 seeking authorization to pay certain taxes and fees, which  
4 was originally filed at Docket Number 9 and is at Tab 1 of  
5 Your Honor's binder.

6 Your Honor, following entry of the interim order,  
7 we received informal comments from the Committee and other  
8 parties in interest, and those have all been incorporated in  
9 the revised proposed order which was filed under a  
10 certificate of no objection at Docket Number 92.

11 Your Honor, I'm happy to walk through the redline  
12 if it would be helpful to the Court or otherwise discuss the  
13 substance of the relief sought, which has not changed since  
14 the first-day hearing.

15 THE COURT: All right. I have the redlines. I've  
16 taken a look at them. They all make sense to me. I think  
17 the only one that might be worthy of having you comment is I  
18 see that there is a paragraph that snuck its way into all  
19 these orders for purposes of explaining that nothing here  
20 constitutes a certain kind of finding under federal  
21 securities law. Perhaps you want to just briefly address  
22 that paragraph.

23 MR. MINOTT: Sure, Your Honor. We received that  
24 comment from the SEC to include that language in all orders  
25 that may pertain to any crypto-related findings. So it's

1 just a reservation of rights from the SEC. There is -- I  
2 think it's more of an avoidance of doubt than anything else  
3 at this point, Your Honor.

4 THE COURT: Yeah. I think that that's right. But  
5 I thought it would be helpful to have that context for  
6 people who might not quite know why it's in there.

7 All right, somebody has an open mic. And again,  
8 unless you're speaking in court, you need to mute your mic.  
9 And we all know the potential dangers of an open mic moment.  
10 So please make sure to do that.

11 And the paragraph here for this particular order  
12 is Paragraph 8. It says nothing here in connection with  
13 this motion order, final order, constitutes a finding under  
14 federal securities laws to whether crypto tokens or  
15 transactions involving from tokens of securities.

16 And so with that, I didn't see anything else that  
17 seemed to warrant separate comment, but Mr. Minott, do you  
18 have anything else you wanted to address in connection with  
19 the revised order?

20 MR. MINOTT: Nothing unless you have any  
21 questions, Your Honor. Really this is exactly the same as  
22 we discussed on the first day motion where the Debtors would  
23 like to pay an aggregate amount up to --

24 THE COURT: All right. Someone needs to close  
25 their microphone. And I'm going to ask somebody here in

1 court to assist in having that happen. So obviously we're  
2 happy to have participation. This is a public courtroom,  
3 albeit that looks somewhat unusual in what it looks like  
4 these days. I look forward to the days when we're  
5 completely fully in-person for things like this where  
6 possible. But just as you wouldn't speak out in open court  
7 in person, you should not speak out in open court unless  
8 it's your turn on Zoom or the telephone.

9 All right. Thank you, Mr. Minott. Let me ask if  
10 there's anybody who wishes to be heard on the request for  
11 entry of a final order authorizing the payment of certain  
12 taxes and fees.

13 All right, hearing nothing, I am happy to grant  
14 the requested relief as reflected in the revised final order  
15 authorizing the payment of certain taxes and fees.

16 And so we can move on to the next matter, Mr.  
17 Minott.

18 MR. MINOTT: Thank you, Your Honor. Next is the  
19 Debtor's motion to pay certain critical vendors, which was  
20 originally filed at Docket Number 11 and is at Tab 3 of Your  
21 Honor's binder.

22 Your Honor, similar to the taxes and fees interim  
23 order, we received informal comments from the Committee and  
24 other parties in interest following entry of the interim  
25 critical vendors order. These comments too have been



1 reflected in the revised proposed order filed under  
2 certificate of no objection at Docket Number 92. Again,  
3 happy to walk through the redline if we need help for Your  
4 Honor. But the relief here has remained the same since the  
5 first day hearing.

6 THE COURT: All right. Thank you very much. Let  
7 me ask if the Official Committee wants to weigh in. I know  
8 this is something that the Official Committee often does  
9 wish to be heard on. Mr. Shore?

10 MR. SHORE: No, we're fine, Your Honor. Thank  
11 you.

12 THE COURT: All right. Thank you very much.  
13 Anyone else who wishes to be heard in connection with the  
14 request for a final order on critical vendors? All right.

15 Having looked at the revisions and the very  
16 helpful blackline, I'm happy to grant this request for a  
17 final order for substantially the same reasons as I granted  
18 the request for an interim order given the record here and  
19 the importance of these particular payments.

20 So next up.

21 MR. MINOTT: Thank you, Your Honor. Last on my  
22 list is the Debtor's ordinary course professionals motion,  
23 which is filed at Docket Number 65 and is at Tab 6 of Your  
24 Honor's binder.

25 Your Honor, pursuant to Section 327 of the

1 Bankruptcy Code, the Debtors seek to establish certain  
2 procedures for the retention and compensation of certain  
3 professionals that the Debtors employ in the ordinary course  
4 of business without the need to file separate retention  
5 applications for these professionals and further seek  
6 authority to compensate these professionals without  
7 requiring individual fee applications.

8 Your Honor, the ordinary course professionals have  
9 extensive background, knowledge, and expertise with the  
10 debtors and their business operations and the Debtors  
11 believe the employment and compensation of these  
12 professionals is in the best interest of the Debtor's  
13 estates, their creditors, and other parties in interest.

14 Under the procedures, the Debtors will require  
15 that each ordinary course professional submit a declaration  
16 of disinterestedness and complete a retention questionnaire  
17 which will be filed to the docket by the Debtors and served  
18 on the U.S. Trustee, the Committee, and any other noticed  
19 parties in these cases.

20 Overall, the Debtors estimate the payments will  
21 not exceed \$100,000 per month per ordinary course  
22 professionals and \$300,000 for the duration of the cases.

23 Unless Your Honor has any questions, the Debtors  
24 respectfully request that Your Honor approve the motion and  
25 enter an order substantiating the form of the proposed

1 revised order filed under certificate of no objection at  
2 Docket Number 92.

3 THE COURT: All right. Thank you very much.

4 Anything from the Official Committee as to this  
5 request?

6 MR. SHORE: No, Your Honor.

7 THE COURT: All right, thank you. Anything from  
8 any other party in connection with the request for an order  
9 regarding the retention, compensation of professionals  
10 utilized in the ordinary course of business? All right.

11 Hearing nothing, I am happy to approve this  
12 request. It's consistent with the kind of relief granted in  
13 other cases, that is to allow the professionals who are  
14 necessary for the Debtor's ongoing operations and who are  
15 not bankruptcy-specific, or as they say, ordinary course  
16 professionals to be utilized and it's an efficient way do  
17 that. And again, it's consistent with how this issue is  
18 handled in large cases. So the request is granted.

19 All right, Mr. Minott, I guess you're passing the  
20 podium. Thank you very much.

21 MR. MINOTT: Thank you, Your Honor.

22 THE COURT: Next up.

23 MS. KIM: Good morning, Your Honor. Hoori Kim,  
24 Cleary Gottlieb, proposed counsel for the Debtors. Can you  
25 hear me well?

1 THE COURT: Yes. I can hear you just fine. Thank  
2 you.

3 MS. KIM: Great. Next up on the agenda we are  
4 going to go to Agenda Number 3, Binder 4. It's the wages  
5 motion and the final order.

6 We received no formal objections to the proposed  
7 final order for the wages motion. The revised final order,  
8 which was filed yesterday with the certificate of no  
9 objection, has been reviewed by and reflects comments from  
10 the Office of the U.S. Trustee, the Unsecured Creditors'  
11 Committee, and the Securities and Exchange Commission as  
12 well, which includes that language that we discussed earlier  
13 about the representation regarding the securities.

14 We're happy to go through the changes to the order  
15 if that would be helpful. If not, we're happy to answer any  
16 questions, Your Honor.

17 THE COURT: All right. I just had one comment. I  
18 see that in the revised version, Paragraph 2, at the very  
19 end there's language added -- well, let me back up. The  
20 context obviously is right that you grant wages up to the  
21 statutory cap, the idea being that those wages are priority  
22 and would have to be paid anyway first in line because of  
23 the nature of them and that there's a cap on that in the  
24 Bankruptcy Code itself. And so that's what these orders  
25 always say, which makes sense. And that anything beyond

1 that, there's a specific request for. So in this Paragraph  
2 2, it says provided the Debtor shall obtain the Committee's  
3 prior written consent, email shall suffice, prior to paying  
4 or honoring any prepetition wages or benefits that exceed  
5 the statutory cap set forth in Sections 507(a)(4) and (a)(5)  
6 of the Bankruptcy Code. And I think I flag that just to the  
7 extent that it might imply that that could be done without  
8 court approval, because obviously those are the wages that  
9 are above the statutory cap. We might be talking about an  
10 entirely hypothetical issue. I don't know. So I just  
11 wanted to flag that, that that's just obviously subject to  
12 further order -- would be required subject to a further  
13 order of the Court upon request.

14 MS. KIM: Understood, Your Honor. We can  
15 incorporate that language in that paragraph as well when we  
16 submit the proposed order.

17 THE COURT: All right. That's great. And I'm  
18 sure you can say it more artfully than I just said it, but I  
19 think you get the gist.

20 MR. ZIPES: Greg Zipes with the U.S. Trustee's  
21 Office. It is my understanding that there are few if any  
22 payments that would be made above the cap.

23 THE COURT: Yeah. And that's often the case. So  
24 it's a more hypothetical issue oftentimes. But just in an  
25 abundance of caution. So thank you, Mr. Zipes.

1 All right. Let me ask if there's anything from  
2 the Committee in connection with this proposed request.

3 MR. SHORE: No, Your Honor.

4 THE COURT: All right. Thank you, Mr. Shore.

5 Anything from any other party in connection with  
6 this request for a final order on wages and related relief?

7 All right. Hearing nothing, I am happy to approve  
8 the proposed final order on wages for substantially the same  
9 reasons as it was approved on an interim basis as consistent  
10 with applicable law and appropriate under the facts and  
11 circumstances of the case.

12 So, Ms. Kim, next up?

13 MS. KIM: Thank you, Your Honor. And we would  
14 just like to note that we'll incorporate that language about  
15 court approval. And at this time, we're actually not really  
16 expecting any payments above the statutory cap, but if there  
17 are any, we will of course obtain the consent of the  
18 Committee and the Court.

19 THE COURT: All right. And that's fine. And  
20 obviously I'm not saying that such payments might not be  
21 appropriate. We would just deal with them as the need  
22 arises.

23 MS. KIM: Understood, Your Honor.

24 Next on the agenda is Agenda Item 6, which is the  
25 application to employ Clearly Gottlieb Steen & Hamilton as

1 counsel for the Debtors. It's also in Binder 7, Binder Tab  
2 7.

3 We believe that the application is uncontested,  
4 Your Honor. We received no formal objections. The  
5 application has been reviewed by and incorporates comments  
6 from the U.S. Trustee and the Unsecured Creditors Committee.  
7 Separately, as Ms. Vanlare addressed earlier, we would like  
8 to note that the issues around the confidentiality and  
9 disclosure of the names of certain parties in interest are  
10 still pending per the Debtor's sealing motion filed at ECF  
11 67, which will be heard on March 30th.

12 We believe that this does not affect the entry of  
13 the order in connection with the application being presented  
14 today and the U.S. Trustee's office agrees with us. But we  
15 wanted to make a note of this at the hearing.

16 THE COURT: All right.

17 MS. KIM: Unless you have any questions, Your  
18 Honor, we ask that you would approve the application and  
19 enter the proposed order.

20 THE COURT: All right. Thank you very much.

21 Mr. Zipes, anything from the United States  
22 Trustee's Office on this application?

23 MR. ZIPES: No, Your Honor. We appreciate the  
24 representation, and that's accurate.

25 THE COURT: All right. Thank you very much.

1 Anything from any other party in connection with this  
2 application?

3 All right, hearing nothing, I am happy to approve  
4 the request to employ and retain Cleary Gottlieb Steen &  
5 Hamilton LLP as counsel for the Debtors and debtors in  
6 possession nunc pro tunc to the petition date as entirely  
7 appropriate. And having looked at the order, I find the  
8 order to be appropriate as well. And so that's granted  
9 obviously with the understanding and already on the record  
10 that any sealing issues will be dealt with separately.

11 I did look once again at Judge Garrity's opinion  
12 dealing with some of these issues in advance of today. It  
13 sounds like we're not there yet to have a discussion. So I  
14 won't wade into those waters in the interest of not  
15 upsetting the apple cart in terms of any discussions. But  
16 I'll just mention it now just to the extent that if I can  
17 ever be of any assistance before people start -- if people  
18 might otherwise file papers, feel free to reach out to  
19 chambers and we can have a discussion. Obviously you all  
20 have an interest in handling issues as efficiently as  
21 possible.

22 So with that, Ms. Kim, next up.

23 MS. KIM: Great. We appreciate that, Your Honor.  
24 Thank you so much. And I will pass the virtual podium to my  
25 colleague, Mr. Ribeiro.



1 THE COURT: All right. Thank you, Ms. Kim.  
2 Counsel? You're on mute. The joys of the COVID world  
3 strike again.

4 MR. RIBEIRO: That should work. Can you hear me  
5 now?

6 THE COURT: Yes. I can hear you now.

7 MR. RIBEIRO: Thank you, Your Honor. Christian  
8 Ribeiro, Clearly Gottlieb, proposed counsel to the Debtors.  
9 I will be presenting today the Debtor's motion to authorize  
10 procedures for interim compensation and reimbursement of  
11 expenses for professionals. And that's at ECF 64. It  
12 should be Binder Tab 5.

13 The Debtors pursuant to this motion  
14 (indiscernible) order attached as Exhibit A to the motion  
15 pursuant to Sections 105 and 330 of the Bankruptcy Code  
16 establishing procedures for the monthly allowance and  
17 payment of compensation and reimbursement of expenses and  
18 professionals who have been -- whose retention was  
19 authorized pursuant to -- by the Court today.

20 In short, the procedures provide for the filing of  
21 a monthly statement showing the expenses and fees incurred  
22 and will also provide procedures for the filing of interim  
23 fee applications at four-month intervals throughout the  
24 case.

25 The interim compensation motion is unopposed. It

1 incorporates comments received from the U.S. Trustee's  
2 Office as well as the UCC. And we filed the certificate of  
3 no objection. The revised order is attached as Exhibit D to  
4 that notice. Unless Your Honor has any questions, we submit  
5 that the (indiscernible).

6 THE COURT: All right. Thank you very much. Any  
7 party wish to heard in connection with this request? All  
8 right. Hearing no response, I am happy to approve the  
9 request for an order establishing procedures for interim  
10 compensation reimbursement of expenses of professionals.  
11 The proposed order here -- and indeed this request is  
12 consistent with how these sort of matters are dealt with in  
13 large cases, and the order is entirely appropriate. So that  
14 is approved.

15 Next up.

16 MR. RIBEIRO: Thank you, Your Honor. Next is the  
17 application to employ Kroll Restructuring Administration as  
18 administrative advisor to the Debtors. That's at ECF 72 and  
19 it's Binder Tab 9.

20 At the first day hearing, we sought an order  
21 retaining Kroll as claims and noticing agent pursuant to  
22 Section 156(c) of the Bankruptcy Code. This motion seeks  
23 entry of an order authorizing their retention in pursuit of  
24 duties inside the scope of their duty as an administrative  
25 advisor. We seek entry of an order attached as Exhibit A to

1 the motion. This motion is also unopposed. We filed the  
2 certificate of no objection. It's attached as Exhibit H to  
3 the notice.

4 Unless Your Honor has any questions, we seek entry  
5 of the order attached as Exhibit A to the motion.

6 THE COURT: All right. Thank you very much. I do  
7 not have any questions. Any party wish to be heard in  
8 connection with this request for an order authorizing the  
9 employment and retention of Kroll Restructuring  
10 Administration LLC?

11 MR. ZIPES: Your Honor, Greg Zipes with the U.S.  
12 Trustee's Office. My office has no objection to the entry  
13 of the order. Again, we would note that we're in  
14 discussions with Kroll on various issues. Kroll is a part  
15 of a bigger entity and is involved with other crypto cases,  
16 among other things. So we're in discussions about  
17 disclosure issues and other issues. But for the purposes of  
18 this case right now, we have no objection to the order being  
19 entered.

20 THE COURT: All right. Anyone else wish to be  
21 heard? All right.

22 I'm happy to approve the request for an order  
23 authorizing the retention or its retention for purposes of  
24 this case as administrative advisor nunc pro tunc to the  
25 petition date. Obviously this kind of service is important

1 in a large case like this and consistent with the usual way  
2 these matters are handled. And the order that's proposed is  
3 entirely appropriate. So that request is granted. Next up?

4 MR. RIBEIRO: Thank you, Your Honor. Last is the  
5 application to employ Alvarez & Marsal North America as  
6 financial advisors to the Debtor. That's at ECF 73 and is  
7 Binder Tab 10. We filed this motion to seek entry of an  
8 order attached as Exhibit C to the motion authorizing the  
9 employment and retention of A&M as financial advisors to the  
10 debtor. They were retained initially on November 11th and  
11 they've been providing assistance to the Debtor with respect  
12 to the management of the overall restructuring process,  
13 development of ongoing business and financial plans, and  
14 supporting restructuring negotiations among the Debtors and  
15 their parties of interest.

16 The application is unopposed. We filed the  
17 certificate of no objection yesterday. The revised proposed  
18 order is attached as Exhibit I to the certificate and  
19 incorporates comments received by the UCC and the U.S.  
20 Trustee.

21 Unless Your Honor has any questions, we submit  
22 that entry of the proposed order is appropriate here.

23 THE COURT: All right. Thank you very much. Any  
24 party wish to be heard in connection with this request?

25 All right. Hearing no responses, I'm happy to

1 grant the request as appropriate under the facts and  
2 circumstances of the case and applicable law. Obviously the  
3 services of a financial advisor are appropriate in a case  
4 like this and are consistent with how large cases operate.  
5 And so I'm happy to approve this request and find the order  
6 to be entirely appropriate. So that is granted.

7 Next up?

8 MR. RIBEIRO: Thank you, Your Honor. I will be  
9 turning the virtual podium over to my colleague, Michael  
10 Weinberg.

11 THE COURT: All right.

12 MR. WEINBERG: Good morning, Your Honor. For the  
13 record, Michael Weinberg, Clearly Gottlieb Steen & Hamilton,  
14 proposed counsel for the Debtors.

15 THE COURT: All right. Good to see you.

16 MR. WEINBERG: Good to see you. I'll be  
17 presenting two more of the retention applications. The  
18 first of these is the retention application for Morris &  
19 Cohen as the Debtor's special counsel in these Chapter 11  
20 cases, which application was filed at Docket Number 71.

21 In support of the application, we have on the line  
22 Jason Gottlieb and Paul Aronzon, who submitted declarations  
23 attached as Exhibits A and B to the application. We filed  
24 the revised proposed order at Docket 92 that reflects minor  
25 comments from the Creditors' Committee. The application is

1 otherwise unopposed. And unless Your Honor has any  
2 questions, we ask that you approve the application.

3 THE COURT: All right. Thank you very much. Any  
4 party wish to be heard in connection with this application?

5 Hearing no response, I am happy to grant the  
6 application as appropriate under the facts and circumstances  
7 of the case and applicable law and again consistent with the  
8 kind of services that are appropriate and necessary in a  
9 case of this size. Thank you very much.

10 MR. WEINBERG: Thank you, Your Honor. And then  
11 the final retention application scheduled for today's  
12 hearing is the application of Kobre & Kim as special  
13 litigation counsel. And that application was filed at  
14 Docket 70. And in support of that application, we have on  
15 the line Danielle Rose and Paul Aronzon, again, whose  
16 declarations were attached to the application as Exhibits B  
17 and C.

18 As with the other retention applications, we filed  
19 a revised proposed order at Docket 92. And that again  
20 reflects minor comments we received from the Creditors  
21 Committee. No objection to the application were filed, and  
22 we believe the application is uncontested.

23 Once again, unless Your Honor has any questions,  
24 we ask that you approve the Kobre & Kim application.

25 THE COURT: All right. Thank you very much. Any

1 party wish to be heard as to this request? Again, hearing  
2 no response, I'm happy to approve the request as appropriate  
3 under the facts and circumstances of the case, and the order  
4 is appropriate, so I will enter it once we are concluded  
5 here today. Thank you very much.

6 MR. WEINBERG: Thank you, Your Honor. With that,  
7 I will cede the virtual podium to my colleague, Ms. Vanlare.

8 MS. VANLARE: Your Honor, the last on today's  
9 agenda is the cash management motion. As I mentioned  
10 earlier in the hearing, we are seeking entry of a second  
11 interim cash management order. We did receive an objection  
12 from the Committee that we have resolved. And as I  
13 mentioned earlier, we did file a revised proposed order late  
14 yesterday reflecting changes.

15 I am happy to walk through the blackline and  
16 highlight some of the changes that we've made and otherwise  
17 answer any questions Your Honor may have.

18 THE COURT: All right. I think for this  
19 particular order it does make sense to walk through the  
20 significant changes because it addresses the kind of things  
21 that we were discussing at the first day hearing. So I'll  
22 turn it back to you to do exactly that. Thank you.

23 MS. VANLARE: Very happy to do that, Your Honor.  
24 So I am going to be referencing the blackline that was  
25 attached to the proposed order that we filed last night.

1 That's Docket 94. And I'll highlight kind of the key  
2 changes that we've made and of course am happy to answer  
3 questions.

4 First, as we mentioned earlier in the hearing,  
5 this interim order is meant to take us through to the next  
6 hearing in this case, which has been scheduled for March  
7 15th at 2:00 p.m., at which point we anticipate seeking a  
8 final order on the cash management motion.

9 The first set of substantive issues addressed is  
10 in Paragraph 3. And I'll highlight some of these.

11 First, Your Honor, we have tweaked the language  
12 here regarding the continuation of intercompany  
13 transactions, and in particular transactions among debtors  
14 and non-debtors. Here, the order provides that the Debtors  
15 are permitted to continue to perform intercompany  
16 transactions we note as expressly provided for herein. And  
17 I'll just preview later on in the blackline we have agreed  
18 to limit the intercompany transactions during this interim  
19 period to a cap of \$750,000. That does not include the spot  
20 trading activities for gap that we discussed previously.  
21 But other intercompany transactions are subject to that cap  
22 between now and March 15th.

23 Paragraph 3 also has some tweaks to the language  
24 relating to investment practices. As before, here the  
25 Debtors are permitted to continue to deposit and invest



1 funds in accordance with the Debtor's investment practices.  
2 We've also added that they may do so, or to invest in U.S.  
3 treasuries notwithstanding Section 345(b) of the Bankruptcy  
4 Code. We've added language here, the provided language that  
5 the Debtors shall consult with the Committee with respect to  
6 any investments or staking of funds other than the U.S.  
7 Treasury bonds including cryptocurrency collateral.

8 We have also added here, as is customary, certain  
9 reporting obligations, additional reporting obligations for  
10 the Debtor. In particular here in Paragraph 3, we provide  
11 that the Debtors will provide to the Committee a 13-week  
12 budget setting forth the Debtor's anticipated disbursements  
13 and expenditures as well as agreeing to provide a cash  
14 variance report reflecting variances to that budget on a  
15 weekly basis to the Committee. We have also agreed to  
16 provide a reasonable access to current records of  
17 intercompany balances to the advisors for the Committee.

18 We have added -- I am now moving to Paragraph 4 of  
19 the blackline. We've added language again incorporating  
20 comments received that nothing in this order shall  
21 constitute a determination of whether any property is  
22 property of the estate, nor is this a determination of the  
23 validity of any intercompany claims. All rights are  
24 reserved.

25 Paragraph 5, this is what I alluded to earlier in

1 my discussion of Paragraph 3 where we make clear that the  
2 Debtors are permitted to continue to perform intercompany  
3 transactions. However, they are subject to that \$750,000  
4 cap that I mentioned earlier unless the Debtors receive  
5 prior written consent from the Committee or its counsel.

6 The next set of changes is to the new paragraph 7.  
7 It has to do with cryptocurrency assets and their  
8 maintenance as well as certain reporting obligations. So  
9 here some of the changes make clear that the Debtors are  
10 authorized to continue to maintain and manage their  
11 cryptocurrency assets in the course of ongoing spot trading  
12 as well as to ensure that the cryptocurrency assets are  
13 safely stored, consistent with historical practices.

14 However, we have agreed to provide to the advisors  
15 to the Committee certain summary reports on a weekly basis  
16 setting forth both cash and cryptocurrency holdings. And  
17 once a month we will be filing that same report as part of  
18 our monthly operating report so that we have that  
19 information available for all parties in interest. We have  
20 also agreed to provide a detailed report of all of the  
21 holdings to the Committee as per their request.

22 There is also language here making clear that the  
23 Debtors are not permitted to convert cryptocurrency from one  
24 type to another, to move any cryptocurrencies or digital  
25 assets, to stake or invest any cryptocurrency assets, or to

1 liquidate or convert cryptocurrencies into cash without  
2 obtaining consent of the Committee or pursuant to a further  
3 order from this Court after notice and hearing. And so this  
4 paragraph makes clear that, again, other than the spot  
5 trading at gap, which we previously discussed, the Debtors  
6 are not permitted to engage in intercompany transactions  
7 involving cryptocurrency assets.

8 The next change, Your Honor, is at Paragraph 9.  
9 We've extended the waiver (indiscernible) until March 29th,  
10 consistent with our discussions with the Office of the U.S.  
11 Trustee. We are continuing to have discussions and are  
12 trying to resolve issues relating to our compliance with  
13 Section 345 and are appreciative of the work that has been  
14 done by the Office of the U.S. Trustee to help arrive at a  
15 solution that makes sense for these cases.

16 The next change, Your Honor, is at Paragraph 14.  
17 We've previously agreed to provide notice of opening or  
18 closing any bank accounts. We have clarified that we must  
19 do so within 15 days and we also need to give notice of any  
20 material changes to the cash management system and  
21 procedures to the Office of the U.S. Trustee and to advisors  
22 to the Committee.

23 Paragraph 15, I believe that's just a minor tweak.

24 THE COURT: Right.

25 MS. VANLARE: Non-substantive. Paragraph 17.

1 This language was added. Aging, this is more of a  
2 reservation of rights type language that we've added in  
3 response to comments that we received that this order is not  
4 intended to constitute the admission or waiver or promise or  
5 requirement to pay any claims or any sort of admission or  
6 approval of contracts or, again, waiver of any sort of  
7 limitations of the Debtors, the committees, or any other  
8 parties (indiscernible) respective rights. I think this  
9 language is customary and is meant to clarify that, again,  
10 the order is limited to the relief that's described and is  
11 not intended to do any of the things described in  
12 (indiscernible).

13 Paragraph 18 has some of the similar language and  
14 it's been expanded to include the Committee and other  
15 parties in interest. Paragraph 19, this language, as with  
16 the other orders that we've previously described, was added  
17 in response to a comment received by the SEC. And again, is  
18 meant to make clear that this order is not intended to make  
19 any findings relating to federal securities laws or whether  
20 or not they constitute securities and to make clear that the  
21 rights of the SEC are reserved along with the rights of the  
22 Committee and the parties in interest.

23 THE COURT: All right. Thank you very much.  
24 Anything else, Ms. Vanlare, in connection with the revised  
25 proposed second interim order?

1 MS. VANLARE: Nothing further, Your Honor. With  
2 that, we ask that Your Honor enter the order --

3 THE COURT: You're breaking up a little bit, Ms.  
4 Vanlare, but I took your -- I took your next comment to be  
5 unless I had anything else, then we're ready to circle the  
6 virtual room, which I will first turn to the Committee. Mr.  
7 Shore, anything from the Committee in connection with this  
8 requested relief?

9 MR. SHORE: Yeah. Very briefly, Your Honor.  
10 Obviously it's not uncommon to have a subsidiary of a parent  
11 filed for Chapter 11 and not bring in all the sister  
12 corporations. And there is an issue that arises with  
13 respect to ongoing post-petition activity between the  
14 businesses. And typically we come to a commercial  
15 resolution as to how those debtors and non-debtors are going  
16 to interact during the case and protect the debtors who are  
17 under the jurisdiction of the court.

18 Given the timing of everything going on, the  
19 Committee just wasn't able to get sufficient information to  
20 even understand the ways in which the sister corporations  
21 interacted with the Debtors. And Ms. Vanlare laid it out  
22 accurately. What we are seeking now is a whole slate of  
23 information that will allow us more transparency into those  
24 relationships and if acceptable come to some sort of  
25 arrangement that allows that intercompany activity to

1 continue.

2 If it's acceptable to the Court at the end of the  
3 hearing, I would like to talk about the Committee's views  
4 more generally since we weren't here on the first days. But  
5 Ms. Vanlare has accurately laid out the deal we have cut  
6 with respect to this. Hopefully we get the information  
7 quickly. Hopefully that information validates the business  
8 relationship and the fairness to the Debtors, and hopefully  
9 we can come to a consensual resolution. We just weren't  
10 able to given the data set we had at the time.

11 THE COURT: All right. Thank you very much. That  
12 all makes a lot of sense.

13 Any other party that wishes to be heard on this  
14 particular request for entry of a second interim order?

15 MR. ZIPES: Your Honor, Greg Zipes with the U.S.  
16 Trustee's Office. And we have no objection to the entry of  
17 this interim order, and we would just echo some of what the  
18 Committee just stated in terms of getting information. My  
19 office has also been requesting this information, and we do  
20 appreciate the Debtor's cooperation in that regard.

21 THE COURT: All right. Thank you very much.  
22 Anyone else who wishes to be heard?

23 MS. VANLARE: Your Honor, if I may.

24 THE COURT: Go ahead, Ms. Vanlare.

25 MS. VANLARE: Thank you very much, Your Honor. I

1 just wanted to add a couple of points in response to and to  
2 add to what Mr. Shore said.

3 First, in terms of the exchange of information, I  
4 did want to share with the Court that we have been and are  
5 very much committed to continuing to share and provide  
6 information to the Committee. We've provided access to a  
7 data room containing substantial numbers of documents and  
8 will continue to share information with the Committee to  
9 facilitate a collaborative process going forward.

10 And secondly, just in terms of the transactions  
11 between the debtors and the certain of their non-debtor  
12 affiliates such as the global trading and particular just in  
13 terms of the overall context under the terms sheet that we  
14 had filed reflecting a proposed terms for restructuring for  
15 these cases. We do think it's important to remember that  
16 the unsecured creditors will be monetizing, either through a  
17 sale or through ownership, subsidiaries of Genesis Global  
18 Holdco who are non-debtors. So it's all kind of connected.  
19 And as I mentioned, we do expect to continue working  
20 collaboratively with the Committee and other parties in  
21 interest to bring these cases to a resolution.

22 THE COURT: All right. Yeah, I took Mr. Shore's  
23 comment to basically be that he ran out of time to get to a  
24 more permanent-looking solution. And that's not uncommon.  
25 And I look forward to seeing the results of your continued

1 collaboration and cooperation. And that's the kind of thing  
2 that makes these cases work. So, great. But I appreciate  
3 everyone's comments on that. All right.

4 With that, I do appreciate the explanation, Ms.  
5 Vanlare, as well as the context of the Committee in  
6 addressing the kind of issues that we're talking about in  
7 the first day hearing and that sort of are inevitable, the  
8 kinds of things that we have to work through in cases in  
9 their early stages. So that's all been helpful and  
10 informative to me as well.

11 So with all that said, let me ask if there's any  
12 other party that wishes to be heard on this second interim  
13 order. All right.

14 I am happy to grant the request to enter the  
15 revised proposed second interim order dealing with cash  
16 management systems and all the related relief as being  
17 appropriate under the facts and circumstances of the case  
18 and applicable law. Again, I appreciate everybody's hard  
19 work and communication and cooperation to move these cases  
20 forward on these kinds of issues which are obviously crucial  
21 to the Debtor continuing to operate appropriately as well  
22 as to, as Ms. Vanlare notes, sort of the endgame for these  
23 cases and where people see them going. So this is granted.

24 And with that, Ms. Vanlare, what else do we need  
25 to discuss here this morning?



1 MS. VANLARE: We don't have anything further, Your  
2 Honor. Thank you very much.

3 THE COURT: All right. I know Mr. Shore had  
4 wanted to have an opportunity as the Committee to address  
5 the Court. So, Mr. Shore, the podium is yours.

6 MR. SHORE: Thank you very much, Your Honor.  
7 Again, Chris Shore from White & Case as proposed counsel to  
8 the Official Committee. And I welcome Your Honor allowing  
9 to me to make the kind of second day presentation from a  
10 committee to give you a sense of how we're looking at the  
11 case right now and to give you an expectation maybe of where  
12 things might be going.

13 As Your Honor can expect, over the last two weeks  
14 we have been getting up to speed very quickly along with  
15 Houlihan Lokey as proposed banker and BRG as proposed  
16 financial advisor to the Committee.

17 And given that, as Ms. Vanlare noted, there is a  
18 term sheet on file, we've been in constant dialogue, both  
19 within the Committee, with the Debtors, and with our  
20 constituency regarding that terms sheet and the path of  
21 these cases. It's still early days, but there's sort of  
22 three key themes that seem to be emerging: transparency,  
23 velocity, and accountability.

24 With respect to transparency, look, we all  
25 understand there's a tension between the nature of digital

1 assets and the goldfish bowl of Chapter 11, particularly  
2 with respect to the security of assets and the security of  
3 information. But we really are of the view that the whole  
4 case doesn't need to be in the black box that some other  
5 crypto cases have existed in. And that transparency plays  
6 out, as Ms. Vanlare noted, first with the Debtor. It was a  
7 little choppy at the beginning. Information is flowing.  
8 There are issues that are going to need to be addressed  
9 (indiscernible).

10 From our perspective, there's a direct relation  
11 between the amount of transparency and the speed with which  
12 the case (indiscernible).

13 In that term sheet, there are also parties who are  
14 seeking to compromise their claims with the Debtors. As far  
15 as transparency, we end up having to default to Rule 7026 to  
16 get things done in relation --

17 THE COURT: Hold on a second, Mr. Shore. You're  
18 breaking up a little bit. I can still follow you and  
19 understand you, but I want to make sure that that's the case  
20 for everybody else.

21 Ms. Vanlare, can you hear everything Mr. Shore is  
22 saying?

23 MS. VANLARE: I was in a similar boat to Your  
24 Honor where I could hear, but it sounded like Mr. Shore was  
25 disappearing a bit at the end.

1 THE COURT: All right. I'd like to say I know the  
2 source of when this happens and why it happens, but I would  
3 be lying if I said that because I don't know, speaking of  
4 black boxes.

5 So, Mr. Shore, what I would ask is if you continue  
6 and if for some reason it becomes a serious problem that I  
7 think would affect your ability to get your message out to  
8 the wider group, I will wave at you to save your oxygen.  
9 But we'll be mindful of it. And with that, I will turn the  
10 podium back over to you.

11 MR. SHORE: Thank you, Your Honor. And obviously  
12 we're going to be seeing a lot of each other over the coming  
13 months, so we don't have to get (indiscernible). I just  
14 wanted to kind of give you (indiscernible) of where we're  
15 going.

16 But what I was saying when it seemed like  
17 (indiscernible), I mean, there are parties that  
18 (indiscernible) claims with the Debtors and --

19 THE COURT: All right. I'm going to wave now  
20 because I don't -- we are definitely having a transmission  
21 issue. I would like to say it's not the court, but I again  
22 don't know. It's above my pay grade, actually.

23 So give me one second.

24 All right. So here's what I'm going to do. Mr.  
25 Shore, we're going to give it one more shot. Maybe the

1 second time is the charm. If for some reason that doesn't  
2 work, I will pause the hearing and the Court will log off  
3 and log back on with the hope that that's a shorter, more  
4 efficient, and less painful remedy than having everybody  
5 else have to log off and log back on.

6 And I will say as a preview, I am hoping in the  
7 not-too-distant future to have hearings that are essentially  
8 hybrid where folks come into court who expect to make  
9 presentations, that they're welcome to be here and that  
10 other folks are remote. But we're not there quite today.  
11 So hence our little sideshow here.

12 So, Mr. Shore, we're going to give it one more  
13 shot. And if I wave you off, then I will log back on and  
14 off. And I hope we don't get there. Mr. Shore?

15 MR. SHORE: And to the extent this may be on my  
16 end, why don't I turn off my video with Your Honor's  
17 permission and --

18 THE COURT: Absolutely. That's a good option.  
19 Thank you very much.

20 MR. SHORE: All right. Look, I think where I am  
21 is with respect to the parties who are seeking to have their  
22 claims with the Debtors compromised under the  
23 (indiscernible) we're going to have to default to  
24 (indiscernible) have a direct impact (indiscernible), which  
25 we are (indiscernible).

1 Finally, with respect to --

2 THE COURT: Mr. Shore, I don't think it's your  
3 video. I think it's something beyond that. So I hate to do  
4 this to everybody, and I beg your indulgence and patience  
5 and good humor. So we're going to as a court log off and  
6 log back on with the hope that, as we all know, the most  
7 magical cure-all in the technical world is the on and off  
8 button. Maybe that will help reset whatever bedevils us at  
9 the moment. It's also an efficient and short way for me to  
10 do it rather than everybody else worry about it.

11 So give me probably 90 seconds for us to do that,  
12 and we'll take it from there. So thank you for your  
13 patience.

14 All right. Good afternoon once again. We're  
15 back. And if for some reason this doesn't work, I'll ask  
16 Mr. Shore to actually abandon Zoom and just call in on the  
17 telephone number. We find that that's the option of last  
18 resort that seems to always work.

19 But, Mr. Shore, with that I'll turn the podium  
20 back over to you, recognizing that this is exactly the  
21 context in which you wanted to deliver your comments here  
22 this morning, and I appreciate your good humor and patience.

23 So, Mr. Shore?

24 MR. SHORE: Thank you, Your Honor. I am actually  
25 dialed into the Zoom now too. So if this audio isn't

1 working, I can just convert over quickly. So just wave your  
2 arm if I'm not coming through. Okay? All right.

3 I think for the third time where I was was, look,  
4 there are a number of people under the terms sheet who are  
5 seeking to compromise their claims with the Debtors.  
6 Perfectly fine. But the Committee intends to exercise its  
7 rights to (indiscernible). And if we have to rely on Rule  
8 7026 to get things done, it's going to slow the process  
9 down.

10 Finally, transparency with respect to creditors.  
11 One thing we're finding in other crypto (indiscernible) has  
12 an appetite for information that goes beyond (indiscernible)  
13 disclosure statements. We've already started some social  
14 media processes to get information out to people and look  
15 forward to working with the Debtors to make sure that if  
16 (indiscernible) want to move quickly and they want  
17 (indiscernible).

18 THE COURT: All right, Mr. Shore, I'm going to ask  
19 you to go to the telephone. I'm getting the gist of what  
20 you say, but I don't -- at the risk of slowing things down,  
21 I want to make sure that you're well-heard by everyone.

22 MR. SHORE: Thank you, Your Honor. Can you hear  
23 me now?

24 THE COURT: Yes. And just turn off your Zoom so  
25 we remove any echo. And, frankly, I'm nothing much to look

1 at personally, so you're not giving up anything. As long as  
2 we can hear you, we're good to go.

3 MR. SHORE: Very good, Your Honor.

4 So the last piece on transparency that I was  
5 talking about is ensuring that the creditor community here,  
6 which has an interest as we've seen in other cases beyond  
7 just reviewing SOPAs and the disclosure statements to make  
8 sure people are getting information, particularly if the  
9 idea here is to build creditor consensus around a rapid  
10 exit. To that end, the Committee itself has started some  
11 outreach through social media and we look forward to working  
12 with the Debtors to see if we can't get them engaged in as  
13 well, consistent with the goal of protecting the Debtor's  
14 sensitive information.

15 With respect to velocity, we understand what the  
16 Debtors want to do and when they want to do it. But as I  
17 said, consistent with the Committee's duties, we intend to  
18 form views with respect to the terms sheet. Our  
19 constituency wants it quickly and we're focused, laser-  
20 focused really, on the viability of the structure and the  
21 economic recovery. So now the whole team is full steam  
22 ahead on plan diligence, particularly determining the  
23 appropriate exit structure, investigating claims and  
24 determining what has to be settled now to have a viable  
25 business going forward and what doesn't, trying to

1 rationalize tax and distribution schemes so that our  
2 creditors' all-in recoveries are maximized to the fullest  
3 extent possible. We are getting the message loud and clear.  
4 I think the Court is seeing it from correspondence that's  
5 hit the docket. I know the Debtors are getting it. The  
6 creditors want their crypto back and they want it yesterday.

7 At the same time though, it's clear that unsecured  
8 creditors are not interested in any deal for, you know a  
9 deal's sake. The plan needs to be held to account. There  
10 have been some published views, really speculation about  
11 distributable value in the case. All of that needs  
12 significant diligence into a ton of variables, including the  
13 availability of payment-in-kind distributions and  
14 dollarization, valuation of (indiscernible) currency, sale  
15 of the business, the reorganization of all or parts of the  
16 Debtors, sizing of the claim pools, tracing and recovery of  
17 prepetition transfers, assessment of the potential  
18 settlements on claims that have been disclosed, claims that  
19 haven't been disclosed. There needs to be a real account.  
20 We're hearing loud and clear from the creditors, from those  
21 who contributed to the problem.

22 We also -- and I'm sure Your Honor has already  
23 heard a bunch of this -- need to keep in mind and mitigate  
24 the risk to the deal structure or any deal structure in the  
25 crypto space, including regulatory oversight and



1 involvement, ongoing investigations, the possibility of  
2 further crypto contagion, potential cash constrictions. Our  
3 view is a term sheet is only in a deal, even one that sets  
4 forth a perfect distribution scheme, has no worth if it  
5 can't be executed consistent with the Code. And so we're  
6 looking to work with the Debtors to see if we can't find a  
7 plan and distribution scheme that gets unsecured creditors  
8 paid in full if possible. And if not, to get every dollar  
9 that can be paid to them.

10 So I think, Your Honor, hopefully it will be in-  
11 person. But if it has to be by Zoom, it will be by Zoom.  
12 We'll see a small part of that play out in court. But  
13 please know the bulk of our work for now is going to be  
14 behind the scenes, trying to reach consensus where we can as  
15 we did with virtually all of the second day motions. And,  
16 you know, consistent with our approach in past cases, we'll  
17 only be involving Your Honor when we can't get to  
18 resolutions that are consistent with the goals of  
19 transparency, the velocity, and accountability. And thank  
20 you. I'm sorry for the technical snafu there.

21 THE COURT: No, not at all. Not at all. Thank  
22 you for the comments. It's appreciated. The phone was a  
23 significant improvement. And thank you for your  
24 flexibility.

25 So with that, let me canvass the virtual room and

1 see if anybody else wishes to be heard, and then I'll turn  
2 it back to the Debtors for any final thoughts before we  
3 adjourn.

4 Anyone else who wishes to be heard?

5 MR. ROSEN: Yes, Your Honor. This is Brian Rosen  
6 from Proskauer Rose. May I go -- thank you, sir.

7 We appreciate Mr. Shore's comments. Since the  
8 Committee appointed or retained White & Case as counsel and  
9 Houlihan, we've been attempting to work with them to convey  
10 some of our thoughts with respect to the term sheet. We are  
11 still working with the Debtors and with DCG on the term  
12 sheet itself as well as a plan support agreement that would  
13 be consistent with it and as laid out in the term sheet.

14 We are hoping to move forward with that  
15 expeditiously. We understand that there are some tax  
16 issues. We in fact have engaged with the White & Case tax  
17 team to let the -- and with the Proskauer team and with  
18 others to coordinate with respect to the best structure  
19 going forward.

20 Mr. Shore did briefly mention two issues, the  
21 dollarization and in-kind. These are very important issues  
22 which probably are issues that the drafters of the  
23 Bankruptcy Code didn't take into account when they were  
24 thinking about the crypto world, Your Honor. And these are  
25 issues that we believe we're going to have to bring forward

1 to the Court at some point in time because that is what's  
2 critically important to our constituency, which I've told  
3 the Court before holds in excess of \$1.6 billion of the  
4 outstanding claims against the Debtor's estates.

5 So we continue to work with White & Case. We'll  
6 continue to work with Houlihan Lokey, who did serve as our  
7 financial advisor before moving over to the unsecured  
8 creditors' committee. But I just wanted the Court to be  
9 aware that we are still progressing with the Debtors and  
10 with DCG along the lines of the term sheet and the plan  
11 support agreement. And to the extent that the UCC can  
12 provide some needed firepower in that regard, we look  
13 forward to integrating their thoughts into the process.  
14 Thank you, sir.

15 THE COURT: All right. Thank you very much. Let  
16 me ask if there's anybody else who wishes to be heard.

17 MR. O'NEAL: Your Honor, Sean O'Neal, Clearly  
18 Gottlieb, for the Debtors unless any of the creditors would  
19 like to add any additional color.

20 THE COURT: It doesn't appear so, Mr. O'Neal. The  
21 floor is yours.

22 MR. O'NEAL: Thank you. And, Your Honor, I hadn't  
23 planned on speaking today, but just wanted to respond  
24 briefly to Mr. Shore's comments and Mr. Rosen's comments.

25 We very much appreciate the focus on transparency,

1 velocity, and accountability. I think those are very much  
2 in keeping with the standards and our own goals that we have  
3 applied in this case. We would add to that efficiency.  
4 Efficiency is important here. Every dollar that is spent on  
5 professionals is a dollar that does not go to creditors.  
6 And so, Your Honor, we take our stewardship very seriously.

7 Since November 16th when we put in the pause, we  
8 put in the pause for one reason, so that we could treat our  
9 creditors fairly and equitably. And that's going to  
10 continue to be exactly what we try to do in this case.

11 And I think as is clear from the term sheet, we  
12 have given all we can as debtors. As part of the term  
13 sheet, we have given all of our assets, we have given the  
14 right to equitize, and the right to sell our assets. So I  
15 think as Debtors, we have given virtually everything that we  
16 possibly could to our creditors.

17 There are three sources of recoveries in this  
18 case. Those sources of recoveries kind of set us apart --  
19 or I should say three sources of recoveries that set us  
20 apart from other cases. Of course we have our assets, cash  
21 and crypto. All crypto cases have that. What sets us apart  
22 is we have additional assets. We have our subsidiaries that  
23 are non-debtors. We also have GGT, which is a sister  
24 company that DCG has offered to contribute. In addition, we  
25 have potential access, as is clear in the term sheet that

1 we've negotiated, to assets from DCG and assets from Gemini.  
2 Those are important assets to us, and we are very much  
3 pursuing those. And we appreciate the Committee's attempts  
4 to assist us in that effort.

5 I would also say, Your Honor, that we are pleased  
6 that we are continuing to work on the terms sheet and  
7 working with the Ad Hoc Group, which does represent more  
8 than \$2 billion in claims in terms of pooling together a  
9 plan support agreement as Mr. Rosen has said. And we are  
10 committed to doing that. And we are also committed to our  
11 fiduciary (indiscernible).

12 As you know, the special committee has launched an  
13 investigation. It is a very credible investigation. It is  
14 led by Lev Dassin, who is part of our enforcement team at  
15 Clearly and is a former acting U.S. Attorney for the  
16 Southern District of New York. He and his team are  
17 continuing that investigation and we are continuing to  
18 report on the efforts of that investigation to the special  
19 committee.

20 And with that, Your Honor, I will just pause and  
21 offer to answer any questions. But we do appreciate all of  
22 the efforts and we have pledge and will continue to work  
23 with the Committee and all creditors as we try to get  
24 through this process efficiently with velocity and  
25 accountability and transparency. Thank you.

1 THE COURT: All right. Thank you very much. And  
2 I will just say this for purposes of putting people at ease.  
3 There is no one for anyone to defend their honor either of  
4 their actions or of their proposed course of action. At  
5 this time, we are not there yet. And obviously there's a  
6 lot of fine professionals on the phone that I can -- on  
7 Zoom. I can say that from prior experience having had the  
8 privilege of presiding in this court for more than 12 years.

9 So I look forward to all the wonderful things that  
10 you all will do collectively. And with that, let me ask if  
11 there's anything else that we need to address before we  
12 adjourn here today. All right.

13 Ms. Vanlare, I just want to confirm we have -- so  
14 we have the two dates, the 15th through the 30th, and that  
15 you don't need any other dates. Or if for some reason  
16 something comes up and you do, you'll just reach out to  
17 chambers.

18 MS. VANLARE: That's right, Your Honor. Thank you  
19 very much.

20 THE COURT: All right. With that, thank you very  
21 much to everyone, and look forward to seeing you in a few  
22 weeks. In the meantime, be well and good luck in your  
23 conversations and communications. Thank you so much.

24 (Whereupon these proceedings were concluded at  
25 12:22 PM)

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C E R T I F I C A T I O N

I, Sonya Ledanski Hyde, certified that the foregoing  
transcript is a true and accurate record of the proceedings.



Sonya Ledanski Hyde

Veritext Legal Solutions

330 Old Country Road

Suite 300

Mineola, NY 11501

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